

disposal of materials under subsection (a) shall be deposited into the fund established by paragraph (2).

(2)(A) There is established a fund in the Treasury to be known as the "Missing Persons Activities Fund" (in this paragraph referred to as the "Fund").

(B) There shall be deposited in the Fund amounts received as a result of the disposal of materials under subsection (a).

(C) Sums in the Fund shall be available to the Secretary of Defense to defray the cost to the Department of Defense of activities connected with determining the status and whereabouts of members of the Armed Forces of the United States who are missing in action and believed to be prisoners of war, including the administrative costs and the costs incurred by the Department in connection with judicial review of such activities. Such amounts shall be available for that purpose without fiscal year limitation.

(e) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

(f) DEFINITION.—The term "National Defense Stockpile" means the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

NOTICE OF HEARING

COMMITTEE ON INDIAN AFFAIRS

Mr. MCCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will meet during the session of the Senate on Wednesday, October 2, 1996, beginning at 9:30 a.m. to conduct an oversight hearing on the regulatory activities of the National Indian Gaming Commission [NIGC]. The hearing will be held in room 216 of the Hart Senate Office Building.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

AUTHORITY FOR COMMITTEE TO MEET

SELECT COMMITTEE ON INTELLIGENCE

Mr. HATFIELD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Monday, September 30, 1996, at 3 p.m. to hold a closed business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. HATFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet in executive session during the session of the Senate on Monday, September 30, 1996, at 6 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

IRS REVENUE PROCEDURE 96-41

• Mr. GRASSLEY. Mr. President, in late July, IRS issued a Revenue Procedure

that may cost thousands of State and local governments and their taxpayers as much as \$2 billion. The purpose of the IRS action is to recover funds that were diverted from the Treasury when local governments were overcharged by investment firms for securities they purchased in the course of tax-exempt municipal bond refinancings. If these State and local governments had caused the overcharges or if they themselves benefited then the IRS ruling, even though costly, might be fair.

That, however, is not the case. There has been no suggestion whatsoever that municipal authorities across America acted unlawfully. Instead, as expressed by the president of the League of Cities in a recent letter to Treasury Secretary Rubin, "it appears that the IRS understands that cities are not at fault, but rather the IRS wants to use cities to go after the underwriters who overcharged us."

In Iowa alone the IRS ruling could cost taxpayers more than \$1.5 million. For other States the totals run even higher. In California, for example, Rev. Proc. 96-41 could require State and local governments to pay as much as \$200 million to the IRS.

If, as the IRS suggests, underwriters and investment bankers were responsible for use of "a valuation method that results in prices * * * that exceed fair market value," it is those underwriters and investment bankers who should repay the Treasury, not towns, cities, State universities, school districts, transportation systems and utility authorities. Indeed, by some estimates, according to the New York Times: "underwriters may have earned some \$2 billion to \$3 billion of illegal profits."

Fortunately, under the False Claims Act, the Government has the ability to proceed directly against any party which causes financial loss to the Treasury and recover treble damages plus penalties. The False Claims Act may be helpful in the yield burning context.

Ten years ago, President Reagan signed the 1986 amendments to the False Claims Act into law. As the principal sponsor of the 1986 amendments, my purpose was to strengthen and revitalize the Justice Department's efforts to fight fraud against the Government wherever it occurs. Since then, false claims recoveries to the Treasury have totaled more than \$1.3 billion.

While the statute has been applied most often in the context of Federal defense spending and federally funded health insurance programs, with the narrow exception of income tax cases, the act allows the Government to recover treble damages and penalties against anyone who defrauds the Treasury. If the overcharges described by the IRS occurred, the U.S. Treasury may have sustained substantial losses as it essentially paid unlawful profits to those who sold the overpriced securities. If such losses occurred, the False Claims Act offers an ideal remedy.

For these reasons, I intend to write to Attorney General Reno and urge that the Department of Justice investigate the circumstances underlying the IRS action, and that if so warranted, the Department then seek to pursue all remedies against any party which damaged the Government by overpricing securities sold in connection with municipal bond refinancings. I will also write to IRS Commissioner Margaret Richardson to indicate my concern that the IRS is seeking to make local governments the primary target for repayment of any sums that were lost by the Government as a result of overcharges for escrow securities.●

S. 1711, VETERANS' BENEFITS IMPROVEMENTS ACT OF 1996

• Mr. AKAKA. Mr. President, I rise in strong support of S. 1711, the Veterans' Benefits Improvements Act of 1996. I am especially pleased that this measure includes provisions that would improve the Centers for Minority and Women Veterans and allow refinancing under the Veterans' Home Loan Program Amendments of 1992. These provisions are based on measures I introduced earlier in this Congress which were reported by the Senate Veterans' Affairs Committee.

NATIVE AMERICAN HOME LOAN REFINANCING

Mr. President, S. 1711 contains a provision that authorizes the Secretary of Veterans Affairs to refinance direct loans issued to Native American veterans under Native American Home Loan Program, established by Public Law 102-547. This initiative is derived from S. 1342, legislation I introduced with Senators ROCKEFELLER, INOUE, WELLSTONE, and SIMON. Under this provision, the same credit standards that apply to refinancing of VA guaranteed loans also apply to refinancing of Native American direct loans.

As my colleagues are aware, the Native American Direct Loan Pilot Program was established by Congress to ensure equal access to home loans for those veterans residing on reservations or other trust lands. Because trust lands cannot be used as collateral, commercial lending institutions are unwilling to issue mortgages for housing on such lands. The direct loans authorized under Public Law 102-547 permit Native Americans to purchase, construct, or improve dwellings on trust land despite the absence of commercial financing.

As of May 1996, VA had entered into agreements with 38 tribes and Native Hawaiians to provide direct home loans to tribal members, and negotiations were ongoing to conclude agreements with 21 additional tribes. More than 90 loans had been closed, 42 commitments issued, and 130 applications pending.

Recently, however, VA determined that Native Americans wishing to take advantage of lower interest rates could not refinance under the program. This clearly violated the intent of Congress